

Message Text

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ACTION ARA-20

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-07 H-03 INR-11 L-03

NSAE-00 NSC-07 PA-04 RSC-01 PRS-01 SP-03 SS-20

USIA-15 AID-20 OMB-01 EB-11 TRSE-00 DRC-01 /129 W

----- 022524

R 221530Z AUG 74

FM AMEMBASSY SAN JOSE

TO SECSTATE WASHDC 7883

C O N F I D E N T I A L SAN JOSE 3209

E.O. 11652: GDS

TAGS: PINT, CS

SUBJECT: PLN CAMPAIGN FINANCING INVOLVED IN SCANDAL

1. BEGIN SUMMARY: "LA NACION" HAS EXPOSED A CAMPAIGN-FINANCING SCANDAL INVOLVING THE PLN WHICH IS ATTRACTING INCREASING PUBLIC ATTENTION. THE NEWSPAPER AND OPPOSITION POLITICIANS ALLEGE THAT KEY PLN OFFICIALS OF THE FIGUERES GOVERNMENT WERE INSTRUMENTAL IN DIVERTING FUNDS FROM THE NATIONAL BANK SYSTEM TO THEN CANDIDATE, NOW PRESIDENT ODUBER'S CAMPAIGN. THE LEGISLATIVE ASSEMBLY IS NOW COMPLETELY TIED UP DEBATING THE FORMATION OF AN INVESTIGATIVE COMMISSION. END SUMMARY.

2. ON AUGUST 15, LEADING DAILY "LA NACION" DISCLOSED DETAILS ABOUT A SERIES OF QUESTIONABLE BANK LOANS TO THE COMPANY SAOPIM (SOCIEDAD ANONIMA DE OBRAS PUBLICAS, INDUSTRIALES Y MARITIMAS) THAT HAS THE CONTRACT TO BUILD A MAJOR STRETCH OF THE SAN JOSE/LIMON HIGHWAY. THESE FUNDS ALLEGEDLY PASSED THROUGH SAOPIM TO THE PLN CAMPAIGN. THE NEWSPAPER'S DISCLOSURES PROVOKED AN OUTCRY FROM PRACTICALLY ALL POLITICAL PARTIES, INCLUDING DEPUTIES FROM THE PLN, AND PRESIDENT ODUBER HIMSELF STATED THAT HE HOPED THE LEGISLATIVE ASSEMBLY WOULD INVESTIGATE THE ALLEGATIONS AND PLACE THE BLAME WHERE IT IS DESERVED. SUBSEQUENTLY, POLITICAL OPPOSITION

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LEADERS JOINED THE PLN TO URGE A THOROUGH

LEGISLATIVE INVESTIGATION OF THE EPISODE DURING THE ASSEMBLY'S EXTRAORDINARY SESSIONS WHICH BEGAN ON AUGUST 20. PRACTICALLY THE ENTIRE FIRST DAY'S PUBLIC SESSION WAS DEVOTED TO DEBATE OVER THE INTEGRATION OF AN INVESTIGATIVE COMMISSPLN TO LOOK INTO THE ALLEGATIONS, BUT FINALLY, AT 9:20 IN THE EVENING, SUFFICIENT DEPUTIES WALKED OUT OF THE SESSION TO MAKE THE ASSEMBLY PRESIDENT TERMINATE THE DEBATE WHEN THE PLN AND THE "PAGUISTA" FACTION OF THE UN WOULD NOT AGREE TO EXPAND THE COMMISSION BEYOND THE FIVE MEMBERS AND INCLUDE REPRESENTATIVES FROM ALL POLITICAL FACTIONS. ON AUGUST 21 THE ASSEMBLY IMPROVED AN ALL-FRACTION COMMISSION.

3. THE ESSENCE OF THE ALLEGATIONS AGAINST THE PLN ARE THAT THE BANCO DE COSTA RICA AND THE BANCO ANGLO COSTARRICENSE DELIVERED CHECKS IN THE AMOUNT OF COLONES 5 MILLION TO SAOPIM SEVERAL DAYS BEFORE THE FEBRUARY 3, 1974 ELECTIONS. WITHIN TWO MONTHS THE DEBTOR COMPANY WAS CHANGED FROM SAOPIM TO EQUISER, S.A., WHICH WAS THE COMPANY QUIETLY SET UP BY THE PLN SEVERAL MONTHS BEFORE ELECTION DAY TO HANDLE THE PARTY'S FINANCES. ANOTHER ASPECT OF THE ALLEGATION IS THAT RECOPE LOANED COLONES 2 MILLION TO THE COMPANIA BUQUES CENTROAMERICANAS, S.A., WITHOUT QUARANTEES AND OTHER FORMALITIES NORMALLY REQUIRED ON A LOAN OF THIS SIZE. "LA NACION'S" REPORTS ALLEGED THAT KEY DIRECTORS OF EQUISER ARE ALSO DIRECTORS OF THE INVOLVED BANKS, RECOPE, AND BUQUE CENTROAMERICANAS, AND THAT THE FUNDS LOANED TO SAOPIM NEVER, IN FACT, REACHED THAT COMPANY BUT WERE DIVERTED TO THE COFFERS OF THE PLN. IN A PUBLIC LETTER ON AUGUST 20 SAOPIM DENIED ANY INVOLVEMENT IN POLITICAL SHENANIGANS AND INSISTED THAT THE TWO DIRECTORS OF THE COMPANY INVOLVED IN THE AFFAIR ACTED WITHOUT THE AUTHORITY OF THE COMPANY. THESE TWO INDIVIDUALS, LUIS FELIPE MAYORGA AND MANUEL ANTONIO PADILLA-- BOTH WELL CONNECTED AND IMPORTANT PLN FIGURES--ARE ALLEGED TO ALSO BE INVOLVED IN THE DIRECTORSHIPS OF BUQUE CENTROAMERICANAS AND THE COMPANY EQUISER.

4. COMMENT: THE SAOPIM AFFAIR IS BY FAR THE MOST SERIOUS SCANDAL SO FAR TO HIT THE ODUBER ADMINISTRATION.
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GIVEN THE EVOCATION OF OUR OWN WATERGATE AFFAIR, WHICH WAS CLOSELY FOLLOWED IN COSTA RICA, IT HAS FOUND A RESPONSIVE CORD IN MEDIA AND POLITICAL CIRCLES. PRESIDENT ODUBER AND THE PLN HIERARCHY ARE OBVIOUSLY AWARE IF NOT SPECIFICALLY INVOLVED IN THE AFFAIR, ARE BEP BW QG# WITH CONSIDERABLE CAUTION AS THE DETAILS OF THE CASE UNFOLD. PRESIDENT ODUBER'S PIQUE WITH "LA NACION" SHOWED ITSELF IN RESPONSE TO

A QUESTION FROM LA NACION'S REPORTER WHEN THE PRESIDENT
SAID--COMPLETELY OUT OF CHARACTER FOR HIM--
"I WILL ONLY TAKE "LA NACION'S QUESTIONS IN WRITING,

GIVEN ITS TENDENCY TO TWIST THE MATERIAL."

5. IT IS TOO EARLY TO COMMENT ON THE COMPLETE VERACITY
OF "LA NACION'S" ALLEGATIONS, BUT THAT EQUISER, AS A
FINANCIAL INSTRUMENT OF THE PLN, WAS
INVOLVED IN SOME SHADOWY FINANCIAL DEALINGS ON BEHALF
OF THE PARTY, IS WIDELY ACCEPTED HERE BY ALL STRIPES OF
POLITICIANS. SWHIS MAY BE ONE SCANDAL WHERE THE COUNTRY'S
INSTITUTIONAL MEMORY, NORMALLY LIMITED TO THREE OR FOUR DAYS,
MAY DRAG ON CONSIDERABLY LONGER AND HAVE SOME VERY
DISAGREEABLE FALL OUT FOR A NUMBER OF PLN POLITICIANS,
NOT EXCLUDING THE PRESIDENT HIMSELF.

6. THE DEPARTMENT WILL RECALL THAT BUQUES CENTROAMERICANAS
S.A. WAS THE SUBJECT OF AN SEC INQUIRY IN APRIL 1974 (STATE
082203 AND SAN JOSE 1914) ABOUT THE POSSIBILITY OF VESCO IN-
VOLVEMENT THROUGH RICHARD PISTELL, ULRICH STRICKLER AND
RICHARD VXFY. THE EMBASSY WAS UNABLE TO SHOW THAT THERE WAS
EVIDENCE OF SUCH INVOLVEMENT.
LANE

NOTE BY OC/T: # AS RECEIVED.

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: CORRUPTION, ELECTION CAMPAIGNS, POLITICAL PARTIES, FINANCIAL CONTRIBUTIONS
Control Number: n/a
Copy: SINGLE
Draft Date: 22 AUG 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: boyleja
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974SANJO03209
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D740232-0479
From: SAN JOSE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740826/aaaaavzs.tel
Line Count: 141
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION ARA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: boyleja
Review Comment: n/a
Review Content Flags:
Review Date: 11 SEP 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <11 SEP 2002 by boyleja>; APPROVED <26 FEB 2003 by boyleja>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: PLN CAMPAIGN FINANCING INVOLVED IN SCANDAL
TAGS: PINT, CS, PLN
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005